

## Message Text

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65-60

ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-02

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02 OPIC-03

CIEP-01 LAB-04 SIL-01 OMB-01 INT-05 /089 W

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R 161533Z APR 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC 9429

INFO AMEMBASSY BERLIN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY MOSCOW

USMISSION NATO BRUSSELS

USMISSION USBERLIN

C O N F I D E N T I A L BONN 06140

E.O. 11652: GDS

TAGS: ETRD, GW, GE

SUBJECT: FRAMEWORK AGREEMENT SIGNED BETWEEN GDR AND  
KRUPP

REF: BONN 3342

1. THE GERMAN PRESS REPORTED TODAY THAT THE GERMAN  
STEEL FIRM KRUPP HAD SIGNED A FRAMEWORK AGREEMENT WITH  
THE GDR COVERING SEVERAL HUNDRED MILLION MARKS WORTH  
OF BUSINESS. THE AGREEMENT WAS ANNOUNCED BY KRUPP  
BOARD CHAIRMAN MOMMSEN AT THE OPENING OF THE HANNOVER  
FAIR ON APRIL 15. ACCORDING TO THE PRESS REPORTS  
INDIVIDUAL CONTRACTS FALLING WITHIN THIS FRAMEWORK  
AGREEMENT ARE STILL BEING NEGOTIATED.

2. IN A CONVERSATION WITH EMBOFF, ECONOMICS MINISTRY  
GDR EXPERT OLLIG CHARACTERIZED THE AGREEMENT AS A  
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LETTER OF INTENT. HE SAID THE MAIN ELEMENTS OF THE

AGREEMENT WERE AN OFFER BY KRUPP TO SELL THE GDR A SUBSTANTIAL AMOUNT OF PLANT AND EQUIPMENT FOR STEEL WORKS AND A SEPARATE STATEMENT THAT KRUPP WOULD ATTEMPT TO INCREASE ITS PURCHASES OF GOODS FROM THE GDR. OLLIG EXPLAINED THAT THIS LATTER STATEMENT WAS NOT A LEGALLY BINDING COMMITMENT AND THAT KRUPP WOULD NOT BE ACCEPTING PAYMENT IN KIND FOR THE SALE OF EQUIPMENT. HE SAID THAT KRUPP'S SALES WOULD BE FINANCED BY FINANCIAL CREDITS PROVIDED BY A CONSORTIUM OF WEST GERMAN BANKS. HE STATED THAT THE DEAL WAS SUBSTANTIALLY SMALLER THAN THE 1.2 TO 1.4 BILLION MARKS WHICH HAD BEEN CONSIDERED EARLIER AND ADDED THAT FRG HAD ENCOURAGED KRUPP TO SCALE DOWN THE SIZE OF THE DEAL.

3. OLLIG STATED THAT EACH OF THE INDIVIDUAL CONTRACTS WILL REQUIRE GOVERNMENT APPROVAL SINCE THEY INVOLVE FINANCIAL CREDITS TO THE GDR. KRUPP IS ALSO SEEKING EXPORT CREDIT GUARANTEES FROM THE GOVERNMENT. IN ORDER TO PROVIDE THESE GUARANTEES OLLIG SAID THE GOVERNMENT WOULD HAVE TO RAISE ITS CURRENT CEILING OF DM 1.45 BILLION. OLLIG NOTED THAT BOTH GDR AND KRUPP WERE ANXIOUS FOR THE GOVERNMENT TO MAKE SOME PUBLIC STATEMENT OF APPROVAL OF THIS FRAMEWORK AGREEMENT EVEN THOUGH GOVERNMENT APPROVAL WAS NOT NECESSARY AT THIS STATE. HE THOUGHT THE GOVERNMENT MIGHT ISSUE SOME SORT OF A STATEMENT BUT WOULD ALSO EMPHASIZE THAT THE SPECIFIC CONTRACTS MUST ALSO BE APPROVED INDIVIDUALLY.

4. OLLIG EXPRESSED THE VIEW THAT THIS FRAMEWORK AGREEMENT WAS SIGNED PRIMARILY FOR PUBLIC RELATIONS PURPOSES. HE SAID THAT HOECHST WAS EQUALLY FAR ALONG IN ITS NEGOTIATIONS WITH THE GDR (SEE REFTTEL) BUT HAD NOT FELT THAT CURRENT PROGRESS JUSTIFIED SUCH A PUBLIC FUSS. HE NOTED THAT THE WEST GERMAN FIRMS HAD CONCLUDED DEALS OF THIS SIZE WITH THE GDR BEFORE ALTHOUGH HE ADMITTED THERE HAD NOT BEEN AS MANY BIG DEALS IN RECENT YEARS. HE SAID HE EXPECTED THE GDR TO BALLYHOO THIS DEAL AS AN EXAMPLE OF "COOPERATION" BUT IN HIS EYES IT WAS JUST ANOTHER BUSINESS DEAL, ALBEIT  
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A LARGE ONE.  
HILLENBRAND

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Disposition Approved on Date:**  
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**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
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**Disposition Remarks:**  
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Margaret P. Grafeld  
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05 JUL 2006

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**Status:** NATIVE  
**Subject:** FRAMEWORK AGREEMENT SIGNED BETWEEN GDR AND KRUPP  
**TAGS:** ETRD, GE, GC  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006